

MARGARET DONNELLAN TODD
COUNTY LIBRARIAN

January 4, 2005

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 W. Temple Street
Los Angeles, California 90012

Dear Supervisors:

**REQUEST TO ESTABLISH A DONATION TRUST FUND
ALL DISTRICTS
(3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Instruct the Auditor-Controller to create an interest-bearing trust fund for the Public Library's donation revenues.
2. Approve the attached policy regarding the management of the Public Library's donation trust funds.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

As a part of a November 21, 2002 fiscal audit report, the Auditor-Controller (A-C) recommended that the Public Library establish a budgeted special revenue fund to account for the expenditure of its donated funds in current and future periods. In subsequent meetings and discussions among the A-C, Chief Administrative Office (CAO), and Public Library, it was determined that it would be more appropriate to establish a trust fund to assist the Public Library in managing its donated funds.

Establishing a donation trust fund will improve fiscal accountability and control of donated funds by ensuring that the revenue and expenditures are monitored throughout the fiscal year. In addition, establishing a donation trust fund will allow the department to earn and collect interest on these funds. Currently, the Department deposits donated funds into a Countywide trust fund. Interest earned by the monies within this trust fund is not held by the fund, but instead is transferred to the General Fund.

Implementation of Strategic Plan Goals

Approval of this request will ensure effective management of these financial resources and is consistent with the County's Strategic Plan, Goal #4, Fiscal Responsibility.

FISCAL IMPACT/FINANCING

The fiscal impact of this change is minimal. Interest earned by the monies within the donation trust fund would accrue to the Public Library rather than being transferred to the General Fund. These interest earnings would be available to the Department to purchase books and library materials or fund other operating needs, as determined by the County Librarian.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Department complies with all County policies regarding the management of its donation funds, as delineated in the Fiscal Manual Section 2.4.0 through Section 2.4.4. The Public Library currently manages three interest-bearing departmental donation trust funds, including the Peter A. Horn Trust Fund, the Edith J. Brooks Trust Fund, and the Cherry Anderson Trust Fund, which were established to account for monies that were bequeathed to the Department. However, the majority of the Public Library's donation funds are held in a Countywide trust fund.

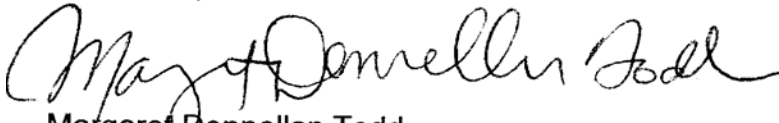
As the donation funds are expended for the purposes identified by the donors, the Public Library reimburses itself from the monies held in the donation trust funds. Annually, the Public Library includes an appropriation and estimated revenue in its annual operating budget to reflect the anticipated expenditures and reimbursements.

The Countywide Trust Fund does not currently receive the interest from the monies held on deposit and invested by the County Treasury Pool. The Countywide Trust Fund may earn interest on donated monies if the action has been approved by the Board or if otherwise required by law.

IMPACT ON CURRENT SERVICES

The interest earnings will have nominal impact on current services. The interest earnings will be used primarily for additional books and library materials but may also be used to finance other operating needs as determined by the County Librarian.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Margaret Donnellan Todd". The signature is fluid and cursive, with the first name "Margaret" being more prominent.

Margaret Donnellan Todd
County Librarian

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Attachment

c: Chief Administrative Officer
Auditor-Controller
Executive Officer, Board of Supervisors